

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7190

BILL NUMBER: SB 615

NOTE PREPARED: Jan 9, 2013

BILL AMENDED:

SUBJECT: Real Estate Agents and Brokers.

FIRST AUTHOR: Sen. Merritt

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: *Managing Broker License*- The bill provides that to be a managing broker licensed under the real estate licensing law, an individual must meet certain requirements.

Three-Year Validity- The bill provides that real estate licenses are valid for a term of three years and expire on a date set by the Professional Licensing Agency (PLA).

Annual Rules Adoption- The bill removes a requirement that the Indiana Real Estate Commission (Commission) must adopt certain rules annually.

Managing Brokers Continuing Education- The bill specifies the continuing education (CE) needed for managing brokers during the transition period for the licensing provisions taking effect July 1, 2014.

Permits to Teach- The bill requires that instructors providing training for real estate licensees must have permits to teach. The bill provides for permits for real estate schools.

Effective Date: July 1, 2013; July 1, 2014.

Explanation of State Expenditures: *Three-Year Validity*- This provision would not be effective until July 1, 2014. Current law already requires the license to expire three years after issuance. The change of this provision is to allow the PLA to set the expiration date. It is unlikely this provision will affect PLA expenditures significantly.

Annual Rules Adoption- This provision would not change the number of times the Commission meets in a given year. [Current law states that the Commission is to meet at the call of the chair or at the written request of any of the members.] The Commission is scheduled to meet eight times in CY 2013.

Permits to Teach- The Professional Licensing Agency would have to update several application forms (specifically State Form 42252, 43492, and 49490) in order to conform with the bill's requirements for these educators and educator sites. The Board would likely be able to adopt fees, as required by the bill, within a regularly scheduled meeting of the Board.

Explanation of State Revenues: *Managing Broker License-* This provision adds the requirements, under current law, to become a 'managing broker' to the definition of 'managing broker'. There should be no impact to the number of persons applying for a managing broker license as a result. Fee revenues should not be adversely affected by this provision.

Three-Year Validity- As referred to above, this provision would likely not affect fee revenue from real estate licensure applications.

Permits to Teach- With respect to instructors and schools, no fee is currently charged. The impact on state revenues would depend on the fees set by the Commission.

Background: As of September 2012, the PLA had record of 34 active real estate schools registered. Additionally, there were 1,690 active real estate instructors. Continuing education sponsors are charged a fee which is \$50 for initial licensure and renewal. As an example only, if a \$50 fee was adopted by the Commission for instructors and schools, approximately \$86,200 in revenue could be generated. The estimate assumes that all current instructors and schools would apply for a permit and pay the fee. Given the qualification changes within the bill, fewer persons and schools may apply for the permit. Therefore, the revenue generated from permitting would likely be less than the above estimate, unless the fee was set higher than \$50.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Licensing Agency; Real Estate Commission.

Local Agencies Affected:

Information Sources: Professional Licensing Agency.

Fiscal Analyst: Chris Baker, 317-232-9851.